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GAIN Report Number: MX1043

Mexico

Post: Mexico

Grain and Feed May Update -- Sorghum Situation

Report Categories:

Grain and Feed

Agriculture in the Economy

Agriculture in the News

Climate Change

Global Warming

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Report Highlights:

The forecast for marketing year (MY) 2011/12 wheat, corn, dry beans, and rice supply and demand remains unchanged. Mexico's MY2010/11 sorghum production estimate has been revised downward as harvested area was lower than expected and dry conditions have decreased yields. The Post/New import estimate for MY2010/11 has been increased to 2.45 million metric tons (MMT) and the Post/New MY2011/12 import forecast was revised upward in order to rebuild stocks. The Post/New total sorghum consumption estimate for MY2010/11 has been revised downward based on information from private sources. Feed consumption is expected to continue shifting from sorghum to distiller's dried grains with solubles (DDGS).

General Information:

Production:

The Post/New sorghum production estimate for MY2010/11 has been revised downward from the USDA/Official estimate by 9.1 percent to 6.45 MMT due to adverse weather conditions and lower-than-expected planted area. Sorghum output for the 2011 spring/summer harvest (planted during the 2010/11 fall /winter crop) in the northeast state of Tamaulipas, for example, was decreased due to reduced planted area and lower yields. Sources indicate that Tamaulipas crop could be lower, by approximately 200,000 MT, from previous estimates (a decrease of 26.2 percent compared to the same harvest a year ago). (NOTE: Tamaulipas produces the largest share of Mexico's spring/summer harvest, and livestock and poultry producers in neighboring regions are dependent upon it for feed).

Dry conditions have reduced sorghum yields. Private sources estimate that yields could be reduced between 20 to 25 percent due to the dry conditions that have persisted throughout Tamaulipas. Official sources stated that only 100,000 hectares of the 150,000 hectares originally planned for reseeded were developed under the program that the Secretariat of Agriculture, Livestock, Rural Development and Fishery (SAGARPA) announced last February (see 2011 GAIN Report [MX1017 February Freeze Impacts Marketing Year 2010/11 Crop Production Forecast](#) and [MX1012 Hard Freeze Damages Sinaloa Corn and Produce](#)). Sources stated that growers in Sinaloa reseeded sorghum planted area for the 2010/11 fall/winter crop, while growers in Tamaulipas opted not to reseed due to inadequate soil moisture and aversion to reseeded after the initial crop was destroyed.

Official sources indicate that crop development has been on schedule in the primary producing states for the 2011 spring/summer harvest, which should commence at the end of May. The production estimate for MY2009/10 and production forecast for MY2011/12 remain unchanged from USDA/Official figures.

Consumption:

The Post/New total consumption estimate for MY2010/11 has been revised downward based on information from private sources. Feed consumption is expected to shift from sorghum to DDGS, due to lower than previously estimated domestic sorghum production. According to the animal feed industry, during calendar year (CY) 2010, imports of DDGS from the United States increased approximately 10 percent, compared with the previous year, to 1.618 MMT. Sources with the animal feed industry report this trend is expected in CY2011, as well.

Trade:

The Post/New import estimate for MY2010/11 has been increased slightly to 2.45 MMT from the USDA/Official estimate due to lower-than-previously estimated domestic production. Similarly, the Post/New import forecast was revised upward for MY2011/12 in order to rebuild stocks. Private traders have pointed out that if the price difference between corn and sorghum continues to favor sorghum during MY2010/11, it should encourage higher levels of sorghum consumption and decrease corn demand for animal feed. These sources indicate that the price of sorghum must be approximately 90 to

97 percent of the price of corn for the poultry industry – the primary consumer of corn and sorghum – to switch.

Stocks:

The Post/New MY2010/11 ending stock estimate has been revised downward from the USDA/Official estimate due to lower-than-expected domestic production. This is reflected in the downward adjustment for MY2011/12 carryover, as well.

Production, Supply and Demand Data Statistics :

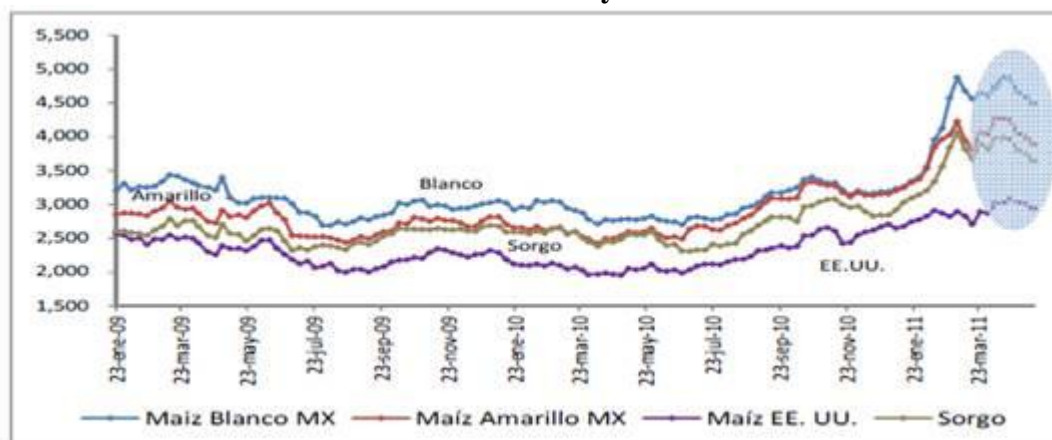
Table 1. Mexico: Sorghum Production, Supply and Demand for MY 2009/10 to 2011/12

Sorghum Mexico	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,616	1,616	1,850	1,740	1,750	1,750
Beginning Stocks	1,336	1,336	414	337	414	237
Production	6,250	6,250	7,100	6,450	6,800	6,800
MY Imports	2,528	2,451	2,400	2,450	2,100	2,300
TY Imports	2,528	2,451	2,400	2,450	2,100	2,300
TY Imp. from U.S.	2,528	2,451	0	2,450	0	2,300
Total Supply	10,114	10,037	9,914	9,237	9,314	9,337
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	9,600	9,600	9,400	8,900	8,900	8,900
FSI Consumption	100	100	100	100	100	100
Total Consumption	9,700	9,700	9,500	9,000	9,000	9,000
Ending Stocks	414	337	414	237	314	337
Total Distribution	10,114	10,037	9,914	9,237	9,314	9,337
1000 HA, 1000 MT, MT/HA						

Author Defined:

Prices

Figure 1. Mexico: Weekly White, Yellow, and U.S. origin Corn and Sorghum Prices in Pesos per Metric Ton from 2009 to 2011 in Mexico City



Source: [SAGARPA](#)

Table 2. Mexico: Average National Market Price of Hog and Beef Cattle Feed Ingredients in Pesos per Metric Ton on a FOB Warehouse Basis

	Week of May 9-13, 2011	Week of May 2-6, 2011	Week of April 11- 15, 2011	Week of May 10- 14, 2010	Annual Difference	Monthly Difference	Weekly Difference
Yellow							
Corn	3,890	3,985	4,264	2,583	50.6%	-8.8%	-2.4%
Sorghum	3,637	3,752	3,991	2,547	42.8%	-8.9%	-3.1%
Soy Meal	5,219	5,105	5,060	-	-	315.0%	2.2%
Barley	3,393	3,424	3,502	-	-	-3.1%	-0.9%
Urea	5,891	5,869	5,894	5,569	5.8%	-0.1%	0.4%

Source: [SAGARPA](#)

Table 3. Mexico: Monthly Exchange Rate Averages for 2009-2011 in Mexican Pesos per U.S. \$1.00

	2009	2010	2011
January	13.15	12.80	12.13
February	14.55	12.95	12.06
March	14.71	12.59	12.00
April	13.41	12.23	11.73
May	13.19	12.71	
June	13.47	12.72	
July	13.36	12.65	
August	13.00	13.15	
September	13.41	12.84	
October	13.24	12.44	
November	13.12	12.33	
December	12.85	12.39	
Annual Avg.	12.33	12.65	12.06

For More Information

FAS/Mexico Web Site: We are available at www.mexico-usda.com or visit the FAS headquarters' home page at www.fas.usda.gov for a complete selection of FAS worldwide agricultural reporting.

FAS/Mexico YouTube Channel: Catch the latest videos of FAS Mexico at work

<http://www.youtube.com/user/ATOMexicoCity>

Report Number	Subject	Date Submitted
MX1033	Grain and Feed April Update	4/29/2011
MX1017	2011 Grain and Feed Annual	3/14/2011
MX1012	Hard Freeze Damages Sinaloa Corn and Produce	2/11/2011
MX1006	January Update for Corn and Rice	1/28/2011
MX0094	Tortilla Price Crisis... To Be Determined	12/15/2010

Useful Mexican Web Sites: Mexico's equivalent to the U.S. Department of Agriculture (SAGARPA) can be found at www.sagarpa.gob.mx, equivalent to the U.S. Department of Commerce (SE) can be found at www.economia.gob.mx and equivalent to the U.S. Food and Drug Administration (SALUD) can be found at www.salud.gob.mx. These web sites are mentioned for the readers' convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with, the information contained on the mentioned sites.

